

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY & BENEFIT FUND OF
COOK COUNTY**
And Ex-Officio for the
FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY & BENEFIT FUND
MEETING OF THE INVESTMENT COMMITTEE
33 N. DEARBORN STREET – SUITE 1000

Minutes for October 25, 2011 Meeting of the Investment Committee

1. Call to Order and Roll Call at 12:30 p.m.

IC Members Present: Mr. Robert Benjamin, Mr. John Fitzgerald, Mr. Patrick McFadden, Mr. Robert Janura and Mr. Takashi Reinbold
Staff Present: D. Degnan, N. Hackett, M. Maratea, F. Vinzons, and D. Walker
Others Present: M.P. Burns – Burke, Burns & Pinelli, K. Dolsen, M. Joecken, S. Haskins, K. Brunke – Callan, T. Picketts – Cabrera, S. Piet - Podesta, A. Myers – Loop Capital
Invited Presenters: B. Parise, A. Pfeiffer, A. Cole – J.P. Morgan, K. Smith, C. Marcus, L. Teitelbaum – PRISA, K. Crean, R. Lanier – UBS, R. Felice, M. Collins, M. Thames – Prudential, R. Raczkowski, W. Averill – Loomis Sayles, T. Hernandez, S. Buckley – MacKay Shields

2. Approval of September 27, 2011 Investment Committee Meeting Minutes;

Motion for Approval and Adoption of Minutes. It was moved by Trustee Fitzgerald and seconded by Trustee Janura that the minutes of the September 27, 2011 Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

3. Manager Updates;

Due to organizational events and performance updates, Optimum was presented to the Investment Committee for further clarification. Based on this review, the Investment Committee affirmed the recommendation that Optimum would not be retained and a search would be conducted for a new manager as previously approved in the Structure Implementation Plan.

Motion to not retain Optimum. It was moved by Trustee Benjamin and seconded by Trustee Janura to recommend to the Board not to retain Optimum Investment Advisors for their Large Cap Growth mandate valued at approximately \$150 million. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:

AYES: Benjamin, McFadden, Janura and Reinbold

NAYS: None
PRESENT: Fitzgerald
Vote Result: MOTION ADOPTED

As part of the Structure Implementation Plan, the NCM Capital Management Large Cap Core equity portfolio was presented for review based on organization events and performance. The Investment Committee affirmed the recommendations as presented and elected to reallocate the funds to Rhumbline's S&P 500 portfolio.

Motion to reallocate the NCM Large Cap Core Mandate. It was moved by Trustee Janura and seconded by Trustee Reinbold to recommend to the Board not to retain NCM Capital Management for their Large Cap Core mandate. It is further moved that the Board approve to transfer these assets of approximately \$50 million to Rhumbline's S&P 500 portfolio and that Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:
AYES: Benjamin, Fitzgerald, McFadden, Janura and Reinbold
NAYS: None
Vote Result: MOTION ADOPTED

4. Core Open Real Estate Fund Search;

Upon the conclusion of the core real estate search, three finalists were invited to present to the Investment Committee. J.P. Morgan, Prudential and UBS presented the strategy, capabilities and performance of their firms' Core Open End Real Estate portfolios. The Committee listened to the evaluations and due diligence findings regarding each candidate and recommended the selection of J.P. Morgan (for both Cook and Forest) and Prudential (for Cook only).

Motion to Select J.P. Morgan and Prudential. It was moved by Trustee Fitzgerald and seconded by Trustee Reinbold to recommend to the Board to select J.P. Morgan's Select Property Fund and Prudential's PRISA for a \$75 million mandate each for the Cook County Fund funded from the current fund structure implementation subject to satisfactory completion of final due diligence and successful contract negotiations. It is also recommended to approve J.P. Morgan's Select Property Fund for a \$3 million mandate for the Forest Preserve District Fund funded from the current fund structure implementation subject to satisfactory completion of final due diligence and successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:
AYES: Benjamin, Fitzgerald, McFadden, Janura and Reinbold
NAYS: None
Vote Result: MOTION ADOPTED

5. Core Plus Fixed Income Search;

Upon completion of their core plus fixed income search, finalists were invited to present to the Investment Committee. Loomis Sayles, Prudential and MacKay Shields presented capabilities and performance of their firms' core plus fixed income portfolios. A subsequent discussion about selection factors was then held immediately after the presentations including summary evaluations of each of the candidates. The Investment Committee recommended the selection of MacKay Shields based on the selection factors of strategy, performance and complementary characteristics of their portfolio.

The Investment Committee also reviewed the core plus portfolio and the status of its legacy managers and directed the Investment Consultant to conduct their due diligence and present a final structure recommendation. The remaining finalists would remain in consideration until final structure recommendations are presented.

Motion to Select MacKay Shields. It was moved by Trustee Fitzgerald and seconded by Trustee Janura to recommend to the Board to approve the recommendation by the Investment Committee to select MacKay Shields for an approximate \$300 million mandate for the Cook County Fund funded from the current fund structure implementation subject to satisfactory completion of final due diligence and successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, McFadden, Janura and Reinbold

NAYS: None

Vote Result: MOTION ADOPTED

6. Adjournment.

It was moved by Trustee Janura and seconded by Trustee Fitzgerald that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE